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POSTAL REGULATORY
COMMISSION
OFFICE OF THE SECRETARY

Hon. Stacy L. Ruble, Secretary
Postal Regulatory Commission
901 New York Avenue NW, Suite 200
Washington, D.C. 20268-0001

Dear Mr. Ruble:

On November 28, 2016, the Postal Service filed reports of Revenue, Pieces and Weight (RPW) by rate category and special service for Quarters 1-3 (revised) and Quarter 4 of Fiscal Year (FY) 2016, and a summary annual RPW report for FY 2016. Subsequently, we discovered errors in the reports, as described below. I am now enclosing revised copies of those reports. Included are Quarters 1-4 (revised) and a summary annual RPW report for FY 2016 (revised). Revisions are both for FY2016 and FY2015. Each of these reports consists of two parts:

1. Market Dominant Products Revenue, Pieces and Weight by Classes of Mail and Special Services for [Quarters 1, 2, 3, 4, annual Summary], Fiscal Year 2016, Compared with the Corresponding Period of Fiscal Year 2015, **Public Report**; and
2. Competitive Products Revenue, Pieces and Weight by Classes of Mail and Special Services for [Quarters 1, 2, 3, 4, annual Summary], Fiscal Year 2016, Compared with the Corresponding Period of Fiscal Year 2015, **Public Report**.

The revisions reverse the changes incorporated in the original filing for the treatment of the AIC 113 (Presort Meter Waved) for First-Class Presort and Standard Mail, and AIC 541 (Value Added Refunds or VAR) revenues.

In the original filing we included the following two summary changes:

- Beginning August 10, 2016, Accounting instituted a reclassification from General Ledger Account (GLA) AIC 113 revenue (postage adjustment). This revenue, instead of posting to AIC 113, started flowing to several permit imprint AICs, including Standard Mail,

Regular and Non-Profit, First-Class Mail, Priority Mail, Bound Printed Matter, Media and Library, Periodical's Outside County, and Simplified Mailings. This change in inputs from Accounting was implemented for Quarters 1 through 3 revisions and same period last year (SPLY).

- Accounting and PostalOne also corrected GLA AIC 541 (Value Added Refunds), providing visibility into mail class products for this contra revenue account. Quarters 1 through 3 RPW revisions included corrections to revenue for First-Class Mail Presort and Standard Mail for current and SPLY, based on this change in input data.

After further investigation, it was determined that revenue moved by Accounting from AIC 113 to First-Class Presort and Standard Mail represented postage affixed (for metered and pre-canceled mail paid at the lowest rate) that was already included in the postage statement line items. This produced an overstatement of revenue for these classes in the RPW reports. No volumes were changed.

The AIC 541 revenue for these classes were affected similarly, but in reverse. The VAR adjustments are already incorporated into the line items in the postage statement. If not reversed, revenues would be understated. Again, no volumes were affected.

In addition, there was a correction to Periodicals relating to a particular Quarter 1 FY2016 issue concerning a few PostalOne offices. These offices make adjustments to CAPS (permit imprint payment accounts) accounts debited in PostalOne that are not at the postage statement level.

The impact of these changes resulted in the following:

- Revenue increased slightly for presorted First-Class Mail and decreased three hundred and sixty two million dollars for Standard Mail (regular and nonprofit). Volume and weight did not change. For the RPW to match the Trial Balance, revenues (and pieces and weight) were slightly increased for single-piece categories.
- Periodicals volume increased forty-two million pieces for Q1 FY2016 and FY2016, and revenue was slightly redistributed between Periodicals categories. Total Periodicals revenue did not change.
- The changes to Standard Mail and First-Class presort did not affect the revenue and volume trends for each product as compared to SPLY, since corrections were made for both FY2016 and FY2015.

I have enclosed disks with machine-readable versions of these reports, consisting of one Excel file for each report containing both parts of these public reports. These electronic files may be posted on the internet.

As with prior reports in the recent past, I have included with the public versions of the RPW reports for Quarters 1-4 (revised), and the summary annual report for FY 2016 (revised), restricted versions that disaggregate the international and domestic data pertaining to competitive products (**Restricted Report**). These restricted versions follow the adopted format used in the public reports, and provide the Commission with additional, disaggregated data for the confidential categories. The restricted reports are being provided on computer disk and in hard copy, and should not be made public. They have been marked as restricted and confidential.

The Postal Service believes that the material contained in the Restricted Reports that is not included in the public versions consists of information that would not be subject to mandatory disclosure pursuant to the Freedom of Information Act and Title 39, United States Code. This letter incorporates by reference Attachment 2 of my letter dated September 29, 2009: "Application of the United States Postal Service for Non-Public Treatment of Materials" Pursuant to 39 C.F.R. § 3007.21. This document describes the information in the restricted versions that has been aggregated in the public versions, and presents the statutory basis for the Postal Service's request for confidentiality, as well as a description of the harm that would result from disclosure.

If you have any questions regarding the changes described above or the reports for Quarters 1-4 (revised), or the summary report for FY 2016 (revised), do not hesitate to call.

Sincerely,

A handwritten signature in cursive script, reading "Daniel J. Foucheaux, Jr.", written in dark ink.

Daniel J. Foucheaux, Jr.
Chief Counsel, Pricing and
Product Support

Enclosures

cc: Ms. Taylor